

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7281

BILL NUMBER: SB 516

DATE PREPARED: Jan 6, 2002

BILL AMENDED:

SUBJECT: Small Business Development Corporation.

FISCAL ANALYST: Jim Landers

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FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill abolishes the Enterprise Development Board and transfers its responsibilities with respect to the administration of the Enterprise Development Fund and the Small and Minority Business Financial Assistance Program to the Small Business Development Corporation. The bill also repeals references to the Enterprise Development Board and makes conforming changes.

Effective Date: July 1, 2002.

Explanation of State Expenditures: The elimination of the Enterprise Development Board would have a minimal impact on expenditures relating to per diem and travel expenses of Board members. Currently, four Board members are entitled to per diem of \$50 per day; and all members are entitled to reimbursement for travel and other expenses incurred in connection with Board duties. The current mileage rate is \$0.345 per mile.

The bill would abolish the Enterprise Development Board and transfer its responsibilities to the Small Business Development Corporation. Under current statute, the Corporation already administers the Enterprise Development Fund and the Small and Minority Business Financial Assistance Program at the direction of the Enterprise Development Board. Thus, the bill would transfer several policymaking functions currently held by the Enterprise Development Board to the Corporation and its Board of Directors. These functions include: (1) establishing policies and procedures employed by the Corporation in administering the Fund; (2) establishing criteria for awarding loans from the Fund; (3) reviewing and approving loan applications; and (4) establishing terms of loans from the Fund. The bill also would transfer to the Corporation and its Board (1) the authority to establish policies and procedures for the administration of the Small and Minority Business Financial Assistance Program; and (2) for awarding loans and loan guarantees under this program. Under current statute, money in the Enterprise Development Fund is utilized to provide loans to local investment and opportunity pools and to provide loans and loan guarantees under the Small and Minority Business Financial Assistance Program. The cost of administering the Fund is paid from money in the Fund.

Under current statute, the Corporation is governed by a Board of Directors consisting of the following members: the Lt. Governor; two members recommended by statewide business organizations; two members representing local host organizations of the Small Business Development Center Network; and four members with experience in business, finance, education, entrepreneurship, or technology development. The bill would reduce the latter group from four to three and require that one member of the Corporation Board represent “nontraditional entrepreneurs.” This group includes minorities, women, welfare recipients, and owners or operators of businesses with fewer than 25 employees.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Enterprise Development Board, Small Business Development Corporation, Small and Minority Business Financial Assistance Program.

Local Agencies Affected:

Information Sources: